



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: January 24, 2006 REPORT NO.: RA-06-07

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of February 7, 2006

SUBJECT: Auburn Park Apartments Project, First Implementation Agreement

REFERENCE: Executive Director Report No. RA-05-25 and CMR-05-143

REQUESTED ACTION:

- 1) Should the Redevelopment Agency authorize the Executive Director or designee, to execute the First Implementation Agreement (Attachment 1) to the Disposition and Development Agreement ("DDA") between the Redevelopment Agency of the City of San Diego (the "Agency") and Auburn Park Family Housing, L.L.C. ("Developer") for the Auburn Park Apartments Project?
- 2) Should the Redevelopment Agency amend the Agency budget to reduce the appropriation to the Auburn Park Apartments Project budget by \$2,038,823 of low and moderate income housing set-aside funds (NOFA:\$1,738,823 from Centre City Project Area and \$300,000 from the City Heights Project Area)?

STAFF RECOMMENDATION:

- 1) Authorize the Executive Director or designee, to execute the First Implementation Agreement to the Disposition and Development Agreement between the Redevelopment Agency of the City of San Diego and Auburn Park Family Housing, L.L.C., for the Auburn Park Apartments Project.
- 2) Amend the Agency budget to reduce the appropriation to the Auburn Park Apartments Project budget by \$2,038,823 of low and moderate income housing set-aside funds (NOFA:\$1,738,823 from Centre City Project Area and \$300,000 from the City Heights Project Area)?

SUMMARY:

BACKGROUND:

The proposed project is a 69 unit multi-family residential development, located in the Mid-City Communities Planning Area of City Heights on the southwest corner of University Avenue and 52nd Street. (See Attachment 2 for site map and elevation renderings.). The land area is approximately 98,213 square feet of blighted property that is currently vacant and includes a segment of the Auburn Creek drainage channel.

The site is comprised of seven separate parcels plus excess City right-of-way left over from the previous realignment of University Avenue. The full development would include 69 rental units (67 units affordable to low and very low income families and 2 manager units), an office, meeting room for resident services and neighborhood community meetings and gatherings, on-site parking in a subterranean parking garage, and a 25,000 square foot park developed, owned and maintained, with 24-hour security provided by the project, which will be available for public use. The restoration of the Auburn Branch of Chollas Creek located within the project boundaries will be completed in conformance with the Chollas Creek Enhancement Plan.

The Agency has acquired all of the properties on the site following Agency approval of a DDA on June 28, 2005. The Agency will retain ownership until the developer obtains all necessary entitlements and outside funding. The Housing Replacement Plan for this project was approved by the Redevelopment Agency on March 1, 2005. All replacement housing will be provided by the Project. On June 28, 2005, the City Council approved the project entitlements as a Planned Development Permit. The proposed project is in a favorable location due to the significant demand for additional affordable housing in the City Heights community and the site's close proximity to public and private services and amenities (i.e. bus service, Colina del Sol Community Park, daycare facilities). The Mary Lanyon Fay Elementary School, scheduled to open in 2006, is located within 2-blocks of the project.

DISCUSSION:

On September 28, 2005 the Auburn Park Family Housing Project successfully secured the highly competitive 9% Affordable Housing Tax Credits.

On June 28, 2005 the Redevelopment Agency authorized the Executive Director to execute the Disposition and Development Agreement with Auburn Park Family Housing, L.L.C. (Attachment 3) and approved \$8,511,178 of low and moderate income housing set-aside funds for gap financing of the Auburn Park Apartments Project, contingent on the developer applying for State AHP and 9% tax credits and, if unsuccessful, to apply for 4% tax credits and MHP gap financing. The amount of the Agency funding contribution provided by the DDA was intended to cover the project's funding requirements in case the developer was unsuccessful in applying for 9% affordable housing tax credits. On December 15, 2005 Affirmed Housing Group notified the Redevelopment Agency that it had been awarded 9% tax credits for its Auburn Park Apartments Project and that it could construct the Project within the \$6,472,355 gap funding budget outlined in its DDA. The \$2,038,823 difference between the \$6,472,355 9% tax credit scenario and the \$8,511,178 alternative budget for Auburn Park can be released to other eligible affordable housing projects or programs.

With the exception of the change in total budget and reduction in Agency funding outlined in the Method of Financing and Budget exhibits to the First Implementation Agreement (Attachment 1) and the revised Schedule of Performance revisions, the overall structure of the project financing and obligations between the Agency and developer remain unchanged. These terms are defined in the original DDA.

It is proposed that the Agency approve the First Implementation Agreement for the Auburn Park Apartments Project.

ALTERNATIVE:

Do not approve the First Implementation Agreement and related actions. This alternative would not allow the project to proceed and would prevent an opportunity to provide additional needed funds for the City Heights Square Senior Housing Project.

FISCAL CONSIDERATIONS:

This action will result in the reduction of \$2,038,823 to the budget for the Auburn Park Apartments Project.

PREVIOUS AGENCY and/or COMMITTEE ACTION:

On June 28, 2005, the Redevelopment Agency authorized the Executive Director to execute the Disposition and Development Agreement with Auburn Park Family Housing, L.L.C., and approved \$8,511,178 of low and moderate income housing set-aside funds.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

On January 9, 2006 the City Heights PAC voted to recommend approval of the First Implementation Agreement to the DDA for the Auburn Park Family Housing Project, and reduce the budget by \$2,038,823 of low and moderate income housing set-aside funds approved for this project (\$1,738,823 from Centre City Project Area (NOFA) and \$300,000 from the City Heights low and moderate income housing set-aside funds).

Respectfully submitted,

Maureen Ostrye
Deputy Executive Director

Approved: Debra Fischle-Faulk
Assistant Executive Director

OSTRYE/RHK

Attachments: 1. Proposed First Implementation Agreement
2. Site Plan and Concept Plan
3. Disposition and Development Agreement